

# Bloomberg on Using the LEI for Sanctions Screening

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## Introducing [Bloomberg](#)

Bloomberg is a global leader in business and financial information, delivering trusted data, news, and insights that bring transparency, efficiency, and fairness to markets. The company helps connect influential communities across the global financial ecosystem via reliable technology solutions that enable our customers to make more informed decisions and foster better collaboration.

As an accredited Local Operating Unit of the Global LEI System, Bloomberg has over 180,000 LEIs under its management. The firm is accredited to issue LEIs for entities, including funds, in 228 jurisdictions, making it one of the most versatile LEI providers worldwide. Through its extensive corporate hierarchy database, Bloomberg identifies explicitly stated sanctions as well as implicitly sanctioned entities and instruments. Bloomberg's sanctions data provides the sanctioned status of tradable securities, legal entities, and certain public funds in a timely and consistent manner, enabling pre-trade screening and post-trade compliance checks.

## The Challenge

Sanctions Authorities publish lists of entities and natural persons to modify undesirable behavior. However, these authorities do not always provide details on the business registration ID, tax ID or other identifying information in their lists, making it difficult to validate targeted entities.

This is only part of the challenge. Financial institutions may also need to identify impacted subsidiaries and securities that aren't explicitly listed, in a timely manner. Complicating matters are scenarios where convertible bonds or other securities may be impacted by sanctions even when the issuer isn't.

As a result, data vendors like Bloomberg must complete a significant amount of research to establish relationships between companies and links to financial instruments to understand the scope of sanctions.

## The Power of the LEI

Given that name matching processes for sanctions are both arduous and time-consuming, a significant opportunity exists to promote broader adoption of the LEI. An LEI is a unique 20-character alphanumeric code based on the ISO 17442 standard that is assigned to legal entities that are counterparties to financial transactions or somehow are involved in the markets.

LEIs play an important role in understanding the counterparties engaged in a financial transaction, which makes them very useful for sanctions compliance purposes; it means

that transacting parties can be unambiguously identified, preventing the generation of false positives that may be created during name matching processes.

Wider adoption of LEIs could enhance identity-based screening systems, making sanctions compliance faster, more effective, and less expensive to administer for all stakeholders.

To correctly identify the legal entity affected by sanctions it would also be beneficial if Sanctions Authorities could add the LEI, where applicable, to the legal entities subject to sanctions. This should also reduce the risk of false positives and add transparency.

By embracing an LEI-based system where legal entity identification can be unequivocally assured, in an open, interoperable, and instant digital format, all stakeholders would be able to transact with far greater confidence and efficiency.

### Future value at Bloomberg

Bloomberg utilizes name matching engines to compile an initial list of companies potentially impacted by sanctions. Entity names not found as part of the initial screening are manually reviewed against Bloomberg's database, and any entity that isn't already included in the database is then added.

The LEI opens the possibility to greatly streamline the entity identification process and allow for straight through processing. As a result, Bloomberg sees the value in sanctions authorities providing the LEI of sanctioned entities in their lists. The LEI is a unique and non-transferable validation point which would make the accurate identification of sanctioned entities faster, cheaper, and simpler.

The LEI can also help identify subsidiaries that are impacted as part of a corporate hierarchy. And because the LEI dataset showcases the entity's country of operation, it would also make it easier to tag entities in sanctioned countries and regions.

*"As an accredited issuer, we are proud to be a part of the global effort to adopt LEIs. By enhancing financial data quality and bringing more transparency and consistency to the capital markets, LEIs are an important piece of the puzzle when it comes to screening sanctions in an efficient, thorough manner."* - **Steve Meizanis, Global Head of Symbology and LEI Services, Bloomberg**